SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

WESTLANDS WATER DISTRICT

March 26, 2004

Stephen S. Roberts, Chief
Surface Storage Investigations Branch
California Department of Water Resources
The Bonderson Building
901 P Street
Sacramento, CA

Dear Mr. Roberts,

We have reviewed the 2004 Draft In-Delta Storage State Feasibility Study and very much appreciate this opportunity to submit comments. In-Delta Storage is the first CALFED surface water storage project to achieve such an advanced level of analysis and a finding of technical feasibility. Combined with the Project's pre-existing permits and completed environmental review, it presents an important opportunity to advance balanced implementation of the CALFED Record of Decision (ROD).

Based on our review, it appears that the In-Delta Storage Project has potential to produce significant benefits under a variety of operating scenarios. Moreover, the continued viability of the CALFED Program depends on adherence to the compromise reflected in the CALFED ROD. Premature abandonment of any project identified in the CALFED ROD will threaten the Program's integrity. Accordingly, we believe DWR should recommend to the Bay-Delta Public Advisory Committee, and in turn to the California Bay-Delta Authority, the continued development of the In-Delta Storage Project, including the scoping and completion of any necessary additional economic and environmental review.

In our view, surface water storage is an important element of the CALFED ROD. CALFED implementation will not be balanced until surface water storage projects are funded and implemented along with the other CALFED program elements. While funding for such projects may not be available in the short term, it is important that we prepare to act quickly once the economy improves. For that reason, we support the timely development of CALFED surface water storage programs.

A year and a half ago, the Draft Integrated Storage Investigation of In-Delta Storage identified a series of unresolved technical issues. We are pleased to see that almost all of these issues have been resolved by the technical and engineering studies

completed by DWR over the past eighteen months. The report just released now concludes that the project is technically feasible.

The Executive Summary concludes that, "The In-Delta Storage Project could provide a variety of benefits and contribute to meeting each of CALFED's four objectives for water supply reliability, water quality, ecosystem restoration and levee system integrity." (Source: DWR's Draft Executive Summary, In-Delta Storage Program State Feasibility Study, January 2004).

According to the State Feasibility Study, the In-Delta Storage Project could:

- Provide additional, new water supplies for urban and agricultural interests. Per operating agreements with urban water agencies, the Delta Wetlands Project will comply, and even exceed, all existing drinking water quality standards for the Delta.
- Provide 217,000 acre-feet of new storage capacity, able to capture and store excess water (typically during storms or other events that produce large flows through the Delta) and also releases from overflowing upstream reservoirs that would otherwise be lost.
- Provide water to support CALFED's Environmental Water Account, protecting fish at sensitive times and ensuring deliveries to water users are not impacted.
- Improve operational flexibility of the state and federal projects.
- Improve Delta water quality (i.e. salinity), by releasing fresh water into the Delta in a timely and flexible manner.
- Provide temporary storage for water transfers, aiding state water users who have not had enough storage opportunities.
- Improve quality and availability of habitat for fish and other wildlife living in the Bay-Delta eco-system.
- Provide additional water to support CALFED's Ecosystem Restoration Program and federal wildlife refuges.
- Reduce risk of regional flood damage, diverting water onto the reservoir islands during high flow season and lowering water in adjoining channels.
- Improve seismic stability of existing levees, reducing the risk of levee failure and associated saltwater intrusion from the San Francisco Bay.
- Benefit state and federal projects by helping meet Delta water quality standards, adding water into the system that the projects would otherwise have to provide.
- Provide regional recreational benefits.
- Be built safely. The project will meet all state and federal criteria for safety and risk factors, ensuring protection of neighboring properties.

In contrast to the progress made on engineering and scientific issues, the Report's economic analysis is incomplete; therefore, additional analysis and peer review is required.

The economic work that has been done raises questions:

- The study's assumptions are very conservative and in almost all cases tend to understate project value. The demand, supply and cost data used are from the outdated Bulletin 160. If updated Bulletin 160 information remains unavailable, it is essential to develop sensitivity analyses to investigate the effect of the more important assumptions used in this analysis.
- Soft and indirect benefits are not estimated so that, for example, the value of the project's contribution to the Environmental Water Account is estimated as the avoided cost of water purchases rather than the value of a healthy environment, a more robust fishery, or more reliable project operations.
- Some values, such as the value of lowering export salinity at key times, are not estimated at all. Finally, the economic analysis lists the following un-quantified benefits that we believe should be valued in any subsequent economic analysis:
  - Operational Flexibility
  - Water quality improvements
  - Wildlife habitat improvements
  - Storage for water transfers
  - Contribution to existing Delta requirements (D1641)
  - System-wide carryover storage

Without a detailed operations plan and a legally enforceable allocation of project benefits, it is not possible to identify specific value to this agency from the In-Delta Project. However, like virtually every agency that depends on diversions from the Delta, our water management plan identifies a need for additional water supply. In addition, we value improvements to supply reliability and water quality. We also value projects that facilitate water transfers. Further analysis of the In-Delta Project will help to clarify the Project's potential value to this and other agencies.

Thank you for your consideration of these comments.

Respectfully submitted,

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San Luis & Delta-Mendota Water Authority

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cc: Anson Moran